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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000197

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TAGS: [PGOV](#) [PHUM](#) [PREL](#) [EAID](#) [KDEM](#) [AM](#)  
SUBJECT: CIVIL SOCIETY REPS TALK TO AMBASSADOR ABOUT  
PROBLEMS, MCC

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Classified By: Ambassador Marie L. Yovanovitch for reasons 1.4 (b & d).

¶1. (C) SUMMARY: Ambassador met March 18 with civil society representatives to discuss Armenia's immediate concerns, particularly in light of the MCC Board's announcement to continue to keep a hold on its road projects in Armenia. Those assembled pointed to human and political rights as well as the effects of the global financial crisis as the most significant challenges Armenia faces. They also had mixed suggestions for the future of MCC in Armenia, with some wanting it to continue while others did not. END SUMMARY.

¶2. (C) ARMENIA'S BIGGEST PROBLEMS: Ambassador hosted a small group of leading social welfare and human rights NGO representatives March 18, soliciting their views on political, economic, social and human rights issues facing Armenia. The five NGO leaders were quite outspoken when Ambassador asked them to name the biggest challenges facing Armenia. Transparency International's Sona Ayvazian pointed to the GOAM's continued attacks on the freedoms of assembly and expression as "the underlying problem of all others." Hripsime Kirakossian, President of Mission Armenia (an NGO that provides social assistance to the destitute), decried the status of social rights and social welfare workers, stating "there can be no political or human rights without dignity, which many of the poor in Armenia are denied." Gayane Markosian of the Civil Society Initiative NGO said the lack of civic education in the country and moreover, the lack of awareness of it, was the most formidable obstacle Armenia faces. "How can the people defend their democratic rights when they do not even know what they are or what that really entails?" she asked.

¶3. (C) GOAM INTEGRITY IS THE PROBLEM: Artur Sakunts, coordinator of Helsinki Citizens' Assembly in the city of Vanadzor, saw the lack of uniformly enforced laws and the inability of the authorities to investigate themselves as major problems. But Sakunts also noted that people have started asking questions that would have been taboo only a few years ago. He gave the example of the problem of soldiers being injured or killed while in Nagorno-Karabakh, where their rights under Armenian law are not protected. Sakunts said some parents have begun to ask openly why their sons are forced to fight in another country. He also saw the prospect of Armenia becoming "like Belarus, a client state of Russia."

¶4. (C) WITHER MCC?: When Ambassador posed the question of what her guests would do were they on the MCC Board and asked to decide the fate of Armenia's Compact, the answers ran the gamut from termination to full funding of MCC's work in the country. While Sakunts was concerned that continuing MCC in a political environment increasingly hostile to democracy would send a negative signal to the Armenian people, Markosian countered that cutting the program would have an

even worse effect on political development as people "would be more concerned about their worsening social and economic condition and become even more estranged from political involvement." Kirakossian added that cutting off MCC would really hurt the rural poor, who would blame the USG, not the GOAM.

15. (C) MCC CAN ACT AS A SHIELD: Seyran Martirosian of the Shirak Regional center of Sakharov Armenia, a human rights NGO based in Armenia's second city of Gyumri, disagreed with both Kirakossian and Markosian, citing the fact that the MCC is not like a traditional contract in which the party receiving money would be forced to repay it were it to violate the terms of the agreement. As a former member of the Millennium Challenge Armenia stakeholders committee (until he boycotted the stakeholder elections last year, alleging them to be fraudulent), Martirosian said, "MCC is just a grant from the USG to the Armenian people." He explained that the authorities can hide behind the fact that poor people will be punished for their wrongdoing, so believe they can backtrack on reforms with impunity. "I will be happy if the MCC roads project is frozen indefinitely," he concluded.

16. (C) WHAT ABOUT THE ECONOMIC CRISIS?: With regard to the worsening economic situation in the country, Kirakossian was adamant. "More and more people are seeking social assistance as they lose whatever meager jobs they had," she told the Ambassador, "and now the Finance Ministry says that funding for government social programs will be shifted to the fourth quarter of 2009. Many people do not know what they will do." Markosian continued that theme, "when people are more worried about how they will eat their next meal, they are even more unlikely to be interested in their political or human rights."

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17. (C) COMMENT: This cordial and informal meeting exposed some of the greatest anxieties -- and provoked spirited debate -- regarding Armenia's circumstances and what U.S. policy should be. It is telling that none of the representatives had faith that the GOAM would be able to turn itself around on elections or on MCC's Ruling Justly indicators. While none seemed to feel Armenia "deserved" MCC any longer according to the eligibility criteria, most were quite dismayed at the prospect that funding could be cut off at a time of dire economic downturn. Interestingly, by the end of the meeting, Sakhunts who had pressed hardest for the U.S. to stand firm on MCC principles, reversed his position and declared that the U.S. had to consider Armenia's neighborhood when making decisions on stopping MCC funding.  
END COMMENT.  
YOVANOVITCH